Submitting Loans to the Net Present Value Test Using the Base NPV Model Software Tool

When determining whether a borrower is eligible under the Home Affordable Modification Program (HAMP), the loan must be evaluated using a standardized net present value (NPV) test that compares the expected economic outcome of the loan with and without the proposed HAMP modification. Servicers can perform the NPV test using one of the following two options:

- Using the base NPV model software tool available to participating servicers in the secure servicer area (using the Participating Servicer Login) of the HAMP Web site www.HMPadmin.com; or
- If permitted in accordance with Supplemental Directive 09-01, using a customized model developed by the servicer to meet the specific methodology and standardized guidelines put forward for NPV models used by the HAMP.

This job aid is only applicable to use of the base NPV model software tool.

Note: Instructions for retrieving and interpreting NPV test results provided by the base NPV model software tool are provided in the job aid, "Retrieving and Interpreting the NPV Test Results."

To submit loans to the base NPV model using the base NPV model software tool, follow these steps:

Step 1. Log in to the secure servicer area of the HAMP Web site www.HMPadmin.com.

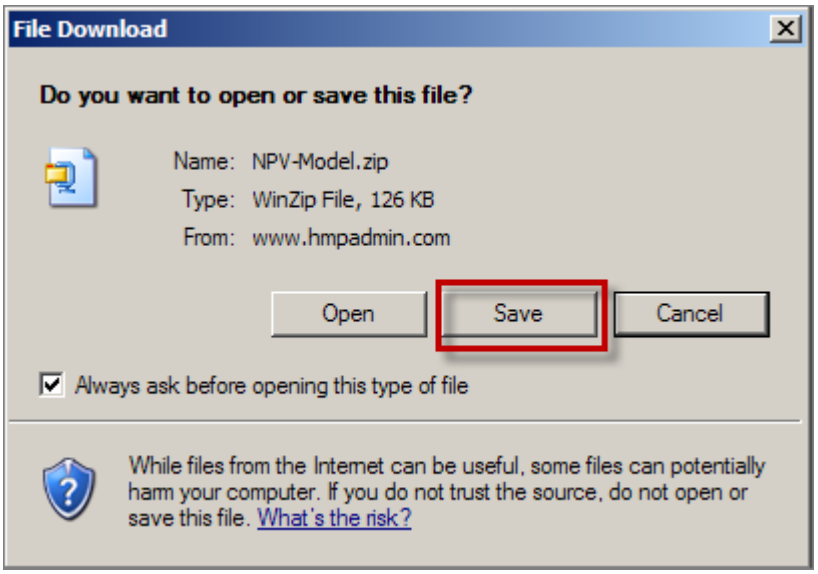
- Click LOGIN NOW on the main page.
- Enter the User ID and Password that you were assigned when you registered for the HAMP.
- Click the **Login** button.

Step 2. The first time you log in you will be asked to accept the terms and conditions of the Web site. Check the appropriate box and click **OK**.

Step 3. Click the **Base NPV Model Tools & Documents** link.

Step 4. To save the base NPV model software tool to your hard drive, click the **Base NPV Model** link.

You will see a dialog box asking whether you want to open or save the zip file. Click **Save.**

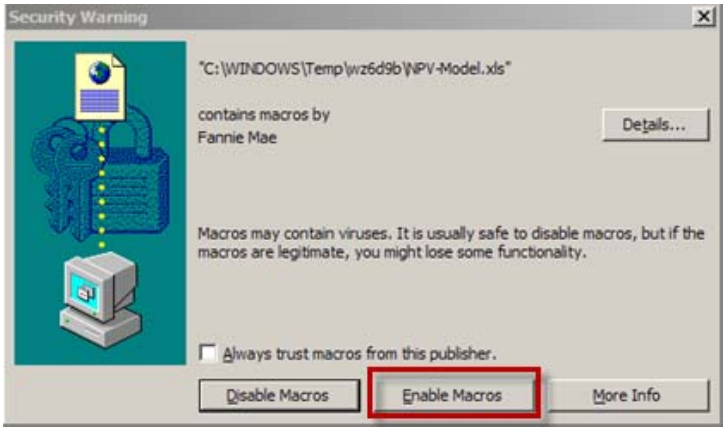

File Download
Do you want to open or save this file?
Name: NPV-Model.zip
Type: WinZip File, 126 KB
From: www.hmpadmin.com
Open
Save
Cancel
Always ask before opening this type of file
While files from the Internet can be useful, some files can potentially harm your computer. If you do not trust the source, do not open or save this file. What's the risk?

Note: The appearance of this dialog box may differ slightly depending on the version of Windows® that you are running

Step 5. Unzip the file. To do so, double-click the zip file you saved in the previous step. Then, extract the .xls file from the zip file and save to your hard drive.

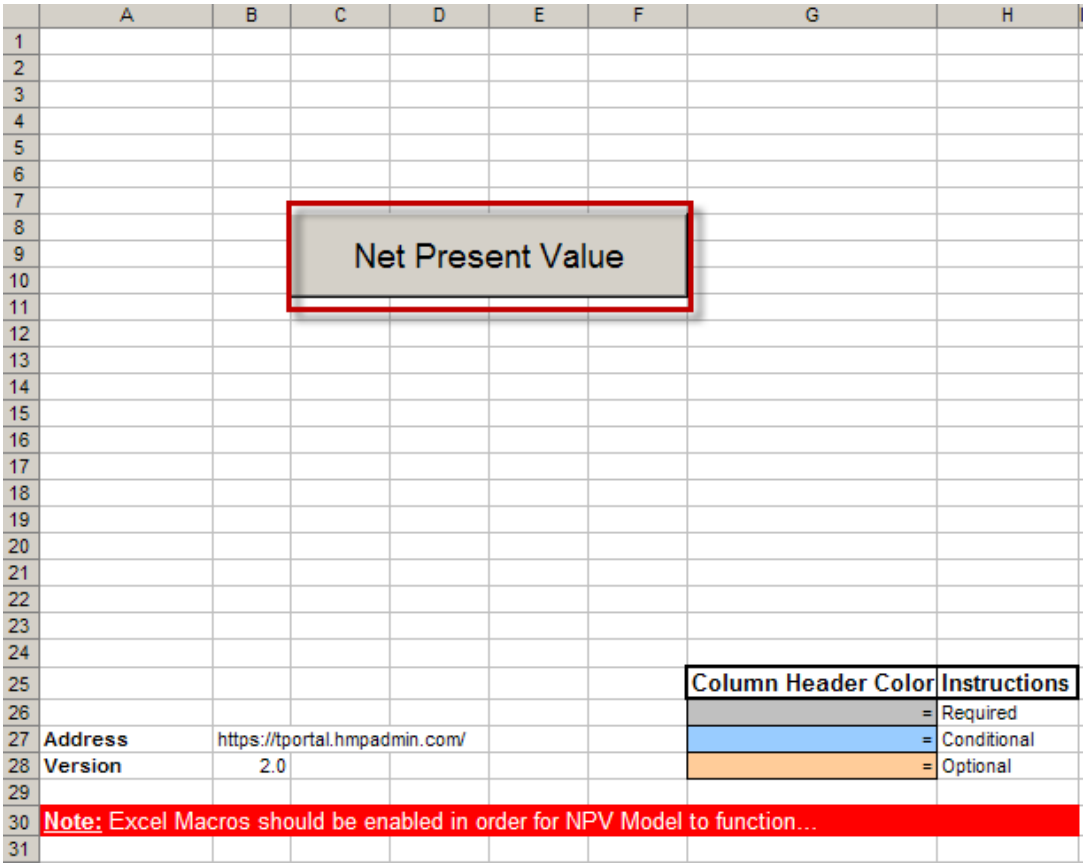
Step 6. Open the base NPV model software tool by double-clicking the NPV-Model.xls file saved to your hard drive. The base NPV model software tool will open in a Microsoft® Excel® spreadsheet.

When prompted by the security warning, select **Enable Macros**.


Security Warning
"C:\WINDOWS\Temp\wz6d9b\NPV-Model.xls"
contains macros by
Fannie Mae
Details...
Macros may contain viruses. It is usually safe to disable macros, but if the macros are legitimate, you might lose some functionality.
Always trust macros from this publisher.
Disable Macros
Enable Macros
More Info

Note: If you have concerns about the spreadsheet authenticity, click **Details** from the *Security Warning* box and then **View Certificate**. Verify that the certificate is issued to Fannie Mae and issued by VeriSign®. If not, delete the spreadsheet file and return to Step 1.

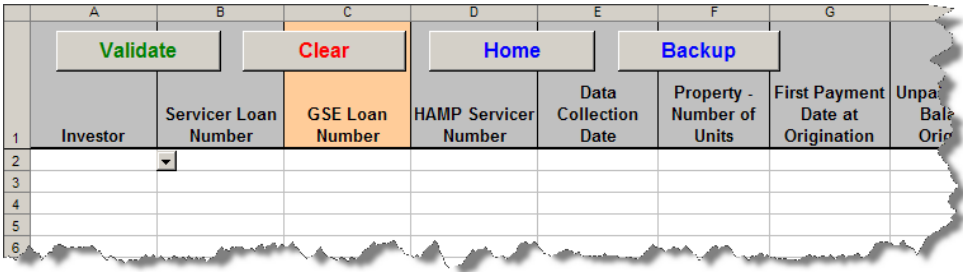
Step 7. Click **Net Present Value** from the main navigation screen.



Step 8. Familiarize yourself with the requested input data. The data falls into three categories:

- **Borrower and loan information**, available in most servicers' systems
- **Servicer inputs**, including the discount rate premium, modification fees, and mortgage insurance partial claim amount
- **Terms of the modification**, including the interest rate after modification, amortization after modification, and other details

Step 9. Complete one row of the spreadsheet for each loan.



To enter data, you can either key it in or copy the data from another spreadsheet. When pasting data copied from another spreadsheet, use the **Paste Special** function from the Edit menu on the Microsoft® Excel® toolbar and select **Values** to remove incompatible formatting.

For more information on using the base NPV model software tool and for a complete list of data required by the base NPV model software tool, click on the **Base NPV Model User Guide** link located in the secure servicer area of the Home Affordable Modification Program Web site www.HMPadmin.com. (Refer to Steps 1 – 3 of this job aid.)

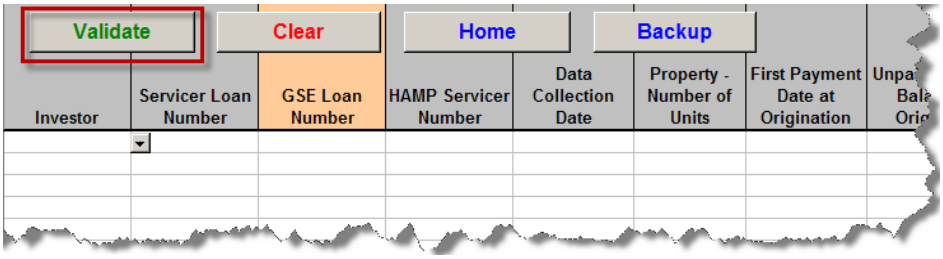
Notes:

- Obtain recent (less than 90 days old at the time of evaluation) borrower and co-borrower financial information, including credit score, current gross income, and debt levels, both mortgage- and non-mortgage-related
- Ensure that the data you enter is both valid and accurate. While the base NPV model software tool does enforce the correct format for data entry, the base NPV model itself is not designed to detect inaccurate or invalid loan-level data. Incomplete or improperly formatted data in any field may result in a loan file being rejected and returned to you without an NPV result. Further, inaccurate data, even if properly formatted, will result in an invalid NPV result.
- If there are two borrowers, enter credit scores for both the borrower and co-borrower.
- The current value of the property securing the loan is a key variable. When determining “Current Property Value” (column AA), you may use the GSE’s automated valuation model (AVM), your firm’s own AVM (provided the AVM renders a valuation with a reliable confidence score), a broker’s price opinion, or an appraisal. In all cases, the property valuation used cannot be more than 90 days old at the time the NPV test is performed.
- Your initial proposed modification submission should assume that the advance mortgage insurance payment (“MI Partial Claim Amount” in column AJ) equals zero (0).

- If the NPV test result for a non-GSE loan comes back negative and the applicable mortgage insurer, after review, proposes a partial claim payment, enter that claim payment amount into column AJ, and resubmit the loan to the base NPV model for retesting. (Do not adjust assumptions such as the discount rate premium and default/re-default equations after entering a mortgage insurance partial claim amount.)

Step 10. Confirm that the data on the screen is complete, accurate, and agrees with your records.

Step 11. Click **Validate**.

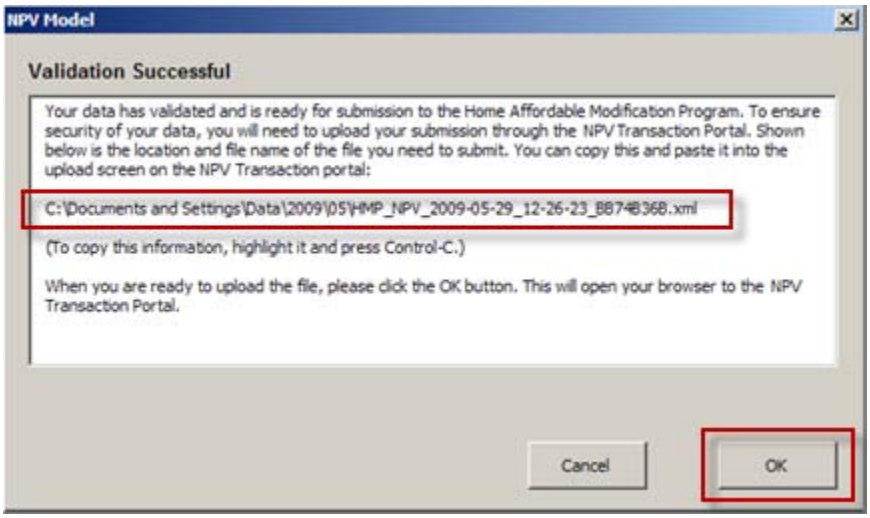


If any required fields are incomplete, the base NPV model software tool generates an error message and highlights the incomplete row. If you receive a validation error message, complete the required data field and click **Validate** again.

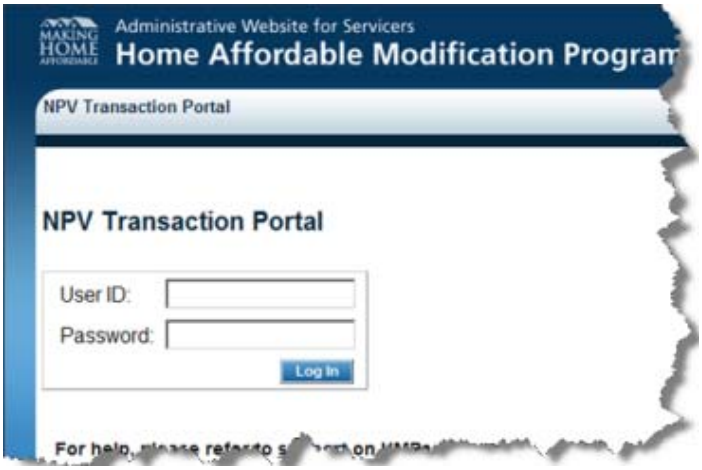
When your validation is successful, the base NPV model software tool generates a submission file and the *Validation Successful* window displays the location and name of your submission file.

Do **not** rename the submission file.

Step 12. Copy the complete location and file name from the *Validation Successful* window by highlighting the text and pressing **Ctrl+C** on your keyboard and click **OK**.

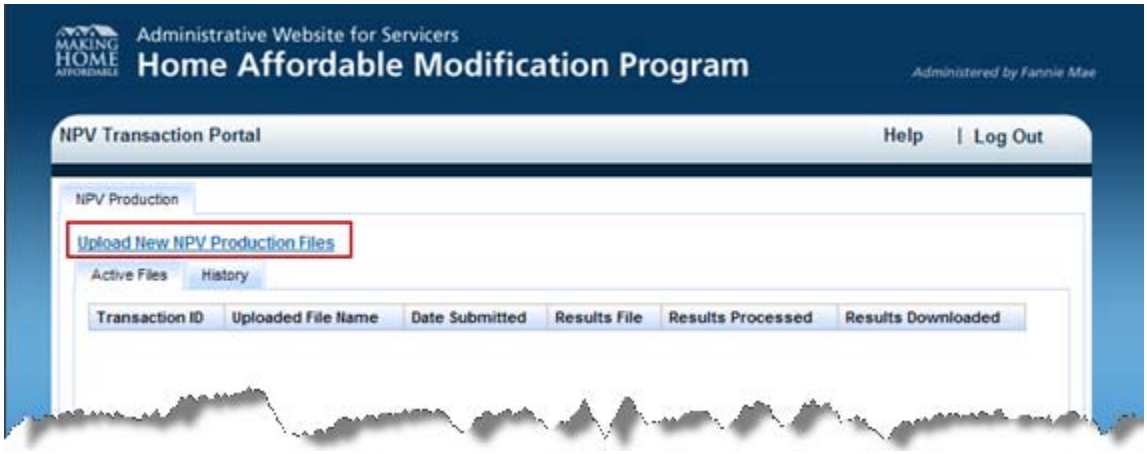

NPV Model
Validation Successful
Your data has validated and is ready for submission to the Home Affordable Modification Program. To ensure security of your data, you will need to upload your submission through the NPV Transaction Portal. Shown below is the location and file name of the file you need to submit. You can copy this and paste it into the upload screen on the NPV Transaction portal:
C:\Documents and Settings\Data\2009\05\HMP_NPV_2009-05-29_12-26-23_BB74B36B.xml
(To copy this information, highlight it and press Control-C.)
When you are ready to upload the file, please click the OK button. This will open your browser to the NPV Transaction Portal.
Cancel
OK

The *NPV Transaction Portal login* page appears.



Step 13. Enter your NPV Transaction Portal User ID and Password (the same User ID and Password you use to login to the secure servicer area (the Participating Servicer Login) of the HAMP Web site (www.HMPadmin.com) and click Log In.

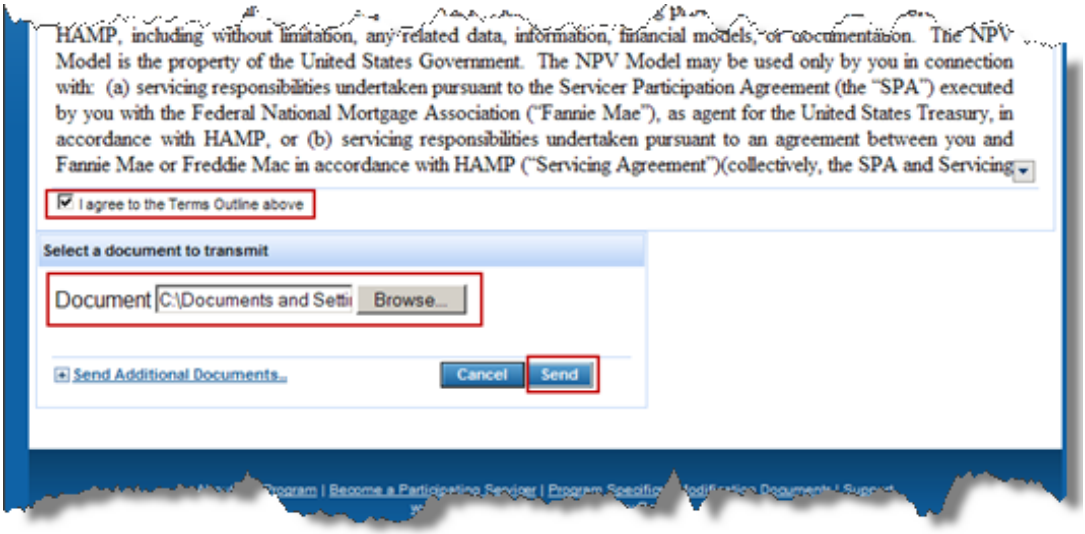
To submit loans for evaluation by the base NPV model, click **Upload New NPV Production Files.**



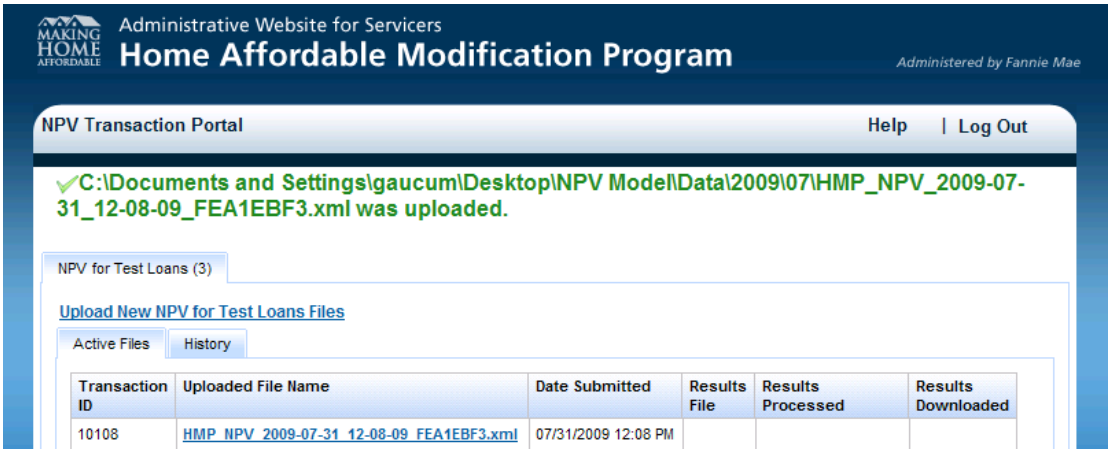
The *Send NPV Production documents* screen appears.

Step 14. On your first use of the NPV Transaction Portal you will be asked to accept an End User License Agreement. Review the Agreement and select the checkbox to indicate that you agree to the terms. If you do not select the checkbox to accept the terms, you will not be able to submit loans to the base NPV model.

Paste the complete location and file name (copied in Step 12) in the **Document** field by pressing **Ctrl+V** on your keyboard and click **Send**.

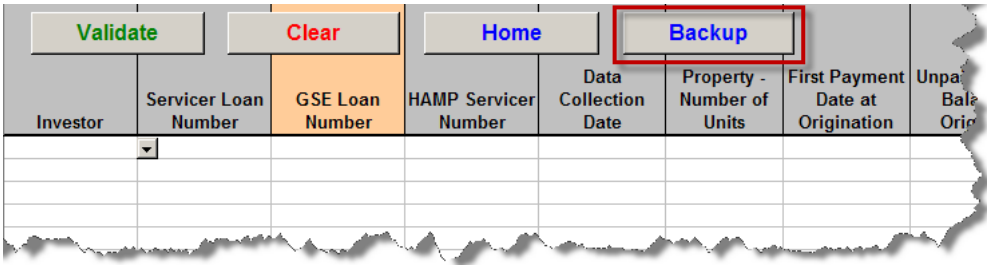

HAMP, including without limitation, any related data, information, financial models, or documentation. The NPV Model is the property of the United States Government. The NPV Model may be used only by you in connection with: (a) servicing responsibilities undertaken pursuant to the Servicer Participation Agreement (the "SPA") executed by you with the Federal National Mortgage Association ("Fannie Mae"), as agent for the United States Treasury, in accordance with HAMP, or (b) servicing responsibilities undertaken pursuant to an agreement between you and Fannie Mae or Freddie Mac in accordance with HAMP ("Servicing Agreement")(collectively, the SPA and Servicing
I agree to the Terms Outline above
Select a document to transmit
Document
C:\Documents and Setti
Browse...
Send Additional Documents...
Cancel
Send

Your submission file will be uploaded for processing and will appear on the *Active Files* tab of the NPV Transaction Portal.



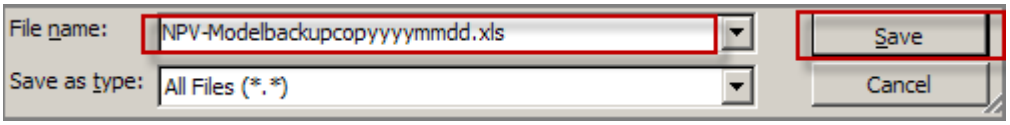
Step 15. After confirming that your data has been submitted successfully, you must save your data to a separate file. You must maintain detailed documentation of all your submissions to the base NPV model, including the base NPV model used and all NPV inputs and assumptions.

Click **Backup**.



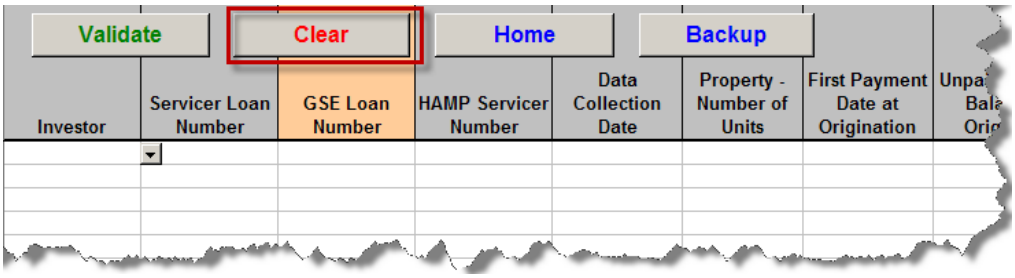
The *Save As* window appears with the file name for the base NPV model software tool. Choose a location and a new file name for the backup copy of your data. The file name must be different than the file name for the base NPV model software tool and should end in .xls.

Click **Save**.



Note: You cannot save the original base NPV model software tool with data. You must use the backup function which allows you to save your entered data to another filename. If you need to resubmit data, you can copy the data from the backup file and paste it into the base NPV model software tool.

Step 16. After you have saved a backup copy of the spreadsheet data, click **Clear** to erase previously submitted data from the base NPV model software tool.



Step 17. Retrieve your results following the steps described in the job aid, “Retrieving and Interpreting the NPV Test Results.”